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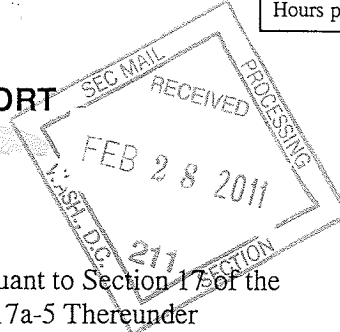
SECUR

COMMISSION

## OMB APPROVAL

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ANNUAL AUDITED REPORT  
FORM X-17 A-5  
PART III



## SEC FILE NUMBER

8-67709

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: StanChart Securities International, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

1111 Brickell Avenue, 16<sup>th</sup> Floor

(No. and Street)

Miami

Florida

33131

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Joseph Manning

704-578-2954

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Kaufman Rossin &amp; Co., P.A.

(Name - if individual, state last, first, middle name)

2699 S. Bayshore Drive

Miami

Florida

33133

(Address)

(City)

(State)

(Zip Code)

## CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in the United States or any of its possessions

## FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e) (2)

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## OATH OR AFFIRMATION

I, Ralph T. Tipple, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of StanChart Securities International, Inc., as of December 31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

No exceptions



Rosa L. Rivera  
(Notary Public)

R. T. Tipple  
(Signature)  
President, CEO, COO  
(Title)

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition. (Cash Flows)
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Independent auditors' report on internal control required by SEC Rule 17a-5.

\*\* For conditions of confidential treatment of certain portions of this filing. See section 240.17a-5(e)(3).

[REDACTED]

**STANCHART SECURITIES INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2010**

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**ASSETS**

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RECEIVABLE FROM BROKER (NOTE 4)	\$	739,601
DEPOSIT AT BROKER (NOTE 4)		100,000
PREPAID EXPENSES		4,614
	\$	844,215

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**LIABILITIES AND STOCKHOLDER'S EQUITY**

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LIABILITIES		
Accounts payable and accrued liabilities	\$	112,400
CONTINGENCIES (NOTE 7)		
STOCKHOLDER'S EQUITY		731,815
	\$	844,215

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See accompanying notes.

**STANCHART SECURITIES INTERNATIONAL, INC.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***Description of Business and Organization***

StanChart Securities International, Inc. (the Company) is a registered broker-dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority (FINRA). The Company acts in an agency capacity, buying and selling securities for its customers and charging a commission. The Company is a wholly owned subsidiary of Standard Chartered Bank (the Parent).

***Government and Other Regulation***

The Company's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the requirements of these organizations.

***Securities Transactions and revenue recognition***

Securities transactions, along with related commission income and clearing costs, are reported on a trade date basis.

***Income Taxes***

The Company accounts for income taxes under the liability method. Deferred tax assets and liabilities are provided for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Deferred tax assets, net of a valuation allowance, are recorded when management believes it is more likely than not that the tax benefits will be realized. Realization of the deferred tax assets is dependent upon generating sufficient taxable income in the future. The amount of deferred tax asset considered realizable could change in the near term if estimates of future taxable income are modified.

The Company assesses its tax positions in accordance with "Accounting for Uncertainties in Income Taxes" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Company's major tax jurisdictions. The Company's tax returns for 2009 and 2008 remain subject to examination by the Company's major taxing authorities.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Income Taxes (continued)***

The Company assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Company records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Company believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the statement of financial condition date. Actual results could differ from those estimates.

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**NOTE 2. ECONOMIC DEPENDENCY**

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A significant portion of the Company's working capital has been obtained from funds provided by its Parent. The Company's ongoing liquidity position is significantly dependent upon the availability of continued funding from its Parent in the absence of achieving profitable operations. The Parent has committed to funding the Company's operations through December 31, 2011.

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**NOTE 3. NET CAPITAL REQUIREMENTS**

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As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission, which requires that "Net Capital", as defined, shall be at least the greater of \$5,000 or 6 2/3% of "Aggregate Indebtedness", as defined. At December 31, 2010 the Company's Net Capital was \$727,154 which exceeded the requirements by \$719,661. The ratio of "Aggregate Indebtedness" to "Net Capital" was 0.15 to 1 at December 31, 2010.

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**NOTE 4. RISK CONCENTRATIONS**

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***Clearing and Depository Operations***

The clearing and depository operations for the Company's securities transactions are provided by a brokerage firm, whose principal office is in Jersey City, New Jersey. At December 31, 2010, the amount receivable from broker and the deposit at broker as reflected in the accompanying statement of financial condition, are due from and held by this brokerage firm.

***Other Risk Concentrations***

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

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**NOTE 5. RELATED PARTY TRANSACTIONS**

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***Expense Sharing Agreement***

On November 5, 2008, the Company entered into an expense sharing agreement with Standard Chartered Bank International (Americas) Limited ("SCBI"), an affiliated company related by common ownership. The agreement is effective for five years, and requires the Company to pay SCBI a monthly fee, as defined in the agreement. In exchange for the monthly fee, the Company receives certain goods, services and benefits, as defined in the agreement.

***Transactions with Counter-party Affiliates***

In the normal course of business, the Company engages in riskless principal transactions in fixed income securities with counter-parties affiliated through common ownership. The Company earned commissions on these transactions for the year ended December 31, 2010.

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**NOTE 6. INCOME TAXES**

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At December 31, 2010, the Company has a deferred tax asset of approximately \$1,996,000 relating to its net operating loss carryforward. A valuation allowance in the same amount has been recorded as management believes it is more likely than not that the tax benefits may not be realized. At December 31, 2010, the Company has a net operating loss carryforward of approximately \$5,174,000. The net operating loss carryforward, if not used, begins expiring in 2028.

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**NOTE 7. CONTINGENCIES**

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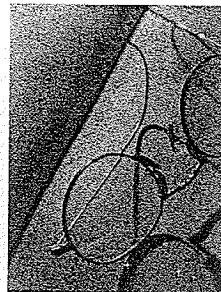
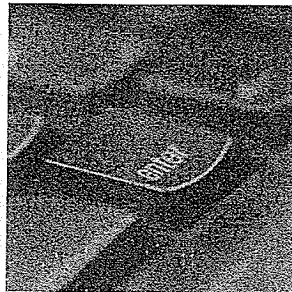
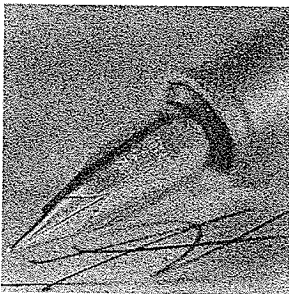
The Company has been included, along with other related entities, in various legal proceedings. These matters principally allege investment losses in funds managed by Fairfield Sentry Limited. The Company has filed motions to dismiss the claims in their entirety on the grounds that the Company lacks any connection to the alleged investment losses. The Company denies all wrongdoing and intends to vigorously contest these claims.

# STANCHART SECURITIES INTERNATIONAL, INC.

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## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2010



**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS



**KAUFMAN  
ROSSIN &  
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ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

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305 856 3284 fax

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suite 1310  
ft. lauderdale, florida 33301

954 713 7444  
954 759 7877 fax

**Boca Raton:**

225 n.e. mizner blvd.  
suite 250  
boca raton, florida 33432

561 394 5100  
561 750 9781 fax

**World Wide Web:**

[www.kaufmanrossin.com](http://www.kaufmanrossin.com)



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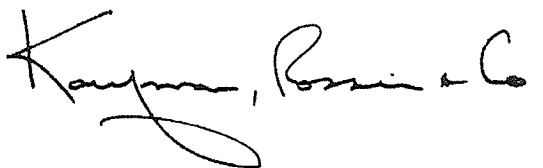
## INDEPENDENT AUDITORS' REPORT

StanChart Securities International, Inc.

We have audited the accompanying statement of financial condition of StanChart Securities International, Inc. as of December 31, 2010. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of StanChart Securities International, Inc. as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.



Miami, Florida  
February 23, 2011

**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS